


Government of the District of Columbia  
Office of the Chief Financial Officer



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Philip H. Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** November 19, 2012

**SUBJECT:** Fiscal Impact Statement – “Portable Electronics Insurance Amendment Act of 2012”

**REFERENCE:** Bill 19-986 – Draft Committee Print as Shared with the Office of Revenue Analysis on November 5, 2012

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**Conclusion**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

**Background**

The bill creates a limited lines<sup>1</sup> licensure category of insurance for loss, damage or malfunction of portable electronic devices. The insurance would be separate from manufacturer warranties or extended service contracts, and would not supplant existing coverage by other insurance products such as homeowner’s insurance policies.

The bill establishes requirements (and non-compliance penalties) for licensees of portable electronics insurance, including:

- Providing written disclosure to customers that a potential duplication with homeowners insurance exists;
- Disclosing to customers that buying the insurance is optional and can be cancelled any time;
- Directly supervising employees who sell the insurance, or providing approved training<sup>2</sup> to a supervising entity that administers sales;
- Ensuring that sales commission from the insurance is incidental to the overall business of the licensee; and,
- Itemizing the cost of insurance separately on bills.

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<sup>1</sup> A specific type of permitted insurance as enumerated in D.C. Official Code § 31-1131.07(a)(10).

<sup>2</sup> Training must be provided as described in D.C. Official Code § 31-1131.05a(b).

The Honorable Philip H. Mendelson

FIS: Bill 19-986, "Portable Electronics Insurance Amendment Act of 2012" Draft committee print shared with the Office of Revenue Analysis on November 5, 2012

### **Financial Plan Impact**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

The District Department of Insurance, Securities and Banking indicates that the cost of adding this new category is negligible, and can be absorbed into the agency's existing budget.